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8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
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11 In re:

12 **VSI LIQUIDATING CORPORATION,**

13 Debtor.
14

Case No. 01-52615-MM and

Case No. 01-52614-MM

Jointly Administered Chapter 11 Cases

15 In re:

16 **VCC LIQUIDATING CORPORATION,**

17 Debtor.
18

**Memorandum Decision and Order on First
and Final Application for Compensation
and Reimbursement of Expenses by
Attorneys for Debtors**

19 **INTRODUCTION**

20 This matter is before the court on the First and Final Application for Compensation and
21 Reimbursement of Fees and Expenses by Attorneys for Debtors, Murray & Murray. Debtors' counsel
22 seeks approval of its attorneys fees in the amount of \$487,438.00 and reimbursement of costs advanced
23 in the amount of \$43,186.23. The United States Trustee opposes the application as excessive in light
24 of the tasks accomplished. In its fee application, Murray seeks compensation for fees and expenses
25 incurred from May 22, 2001 through July 11, 2002. After reviewing the entire application, the court has
26 serious concerns regarding the amount of time the applicant devoted to this moderately uncomplicated
27 liquidation case. Based on those concerns and others, as explained below, the court finds that fees will
28

1 be approved in the amount of \$300,000. The remainder of the requested fees are disallowed.
2 Reimbursement of costs are approved as prayed.

3
4 **BACKGROUND**

5 The debtors are corporations formed solely for the purpose of liquidating the assets of three
6 related corporations that were engaged in the business of designing, engineering and marketing
7 semiconductors and integrated circuits. Pre-petition, the corporations sought the assistance of an
8 investment banking firm to achieve a merger or asset sale in hopes of avoiding the need to file for
9 bankruptcy protection. After preliminary talks with several entities, QuickLogic Corporation emerged
10 as a serious purchaser. However, due to the refusal of the corporations' independent public accountant
11 to provide audited financial statements, one of the predecessor corporations, whose stock was publicly
12 traded, could not solicit the shareholder approval necessary to close the transaction outside of
13 bankruptcy. As a result, in April 2001, the parties entered into an Asset Purchase Agreement that
14 expressly anticipated the debtors' chapter 11 reorganization. The predecessor corporations agreed to sell
15 substantially all assets free and clear of liens to QuickLogic in exchange for shares of QuickLogic
16 common stock.

17 On May 22, 2001, the debtors instituted these jointly administered chapter 11 cases solely for
18 the purpose of facilitating the sale. From the start, the cases entailed a relatively uncomplicated
19 liquidation of the debtors' assets that would produce a surplus estate. By June 22, 2001, the court had
20 authorized the asset sale to QuickLogic, and the sale closed on August 1, 2001, with the debtors
21 receiving 2,522,000 QuickLogic shares, worth over \$12 million. Some ten months later, the court
22 confirmed the debtors' Second Amended Joint Plan of Reorganization on June 20, 2002. Pursuant to
23 the Plan, a liquidating trust will sell enough QuickLogic stock to pay creditors' claims, estimated at
24 slightly over \$4.1 million, in full plus interest. The remaining stock will be distributed to shareholders,
25 providing them with a substantial return on their investment.

26 Throughout these cases, the debtors have acted as debtors in possession. On June 7, 2002, the
27 court approved the retention of the applicant as debtors' general bankruptcy counsel. The court also
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1 approved the retention of several other professionals to provide the debtors with accounting, securities
2 and tax advice.

3 4 LEGAL DISCUSSION

5 Section 330 of the Bankruptcy Code mandates that any award of compensation to a professional
6 must be reasonable and can only be allowed for actual, necessary services. 11 U.S.C. § 330 (a)(1)(A).
7 Implicit in this statutory mandate is the bankruptcy court's obligation, as a custodian of the estate's
8 funds, to review every application by professionals who seek compensation from the bankruptcy estate
9 and to determine whether the fees requested fall within the parameters of the statute. This duty exists
10 whether or not there is any opposition to the request. *In re Busy Beaver Building Centers, Inc.*, 19 F.3d
11 833, 841 (3rd Cir. 1994); *In re Berg*, 268 B.R. 250, 257 (D. Montana 2001).

12 In reviewing each application, the court must consider the nature, extent and value of the
13 professional's services. If the court determines that some or all of the legal services provided were not
14 likely to benefit the estate or were not necessary for the case, the court may award less compensation
15 than requested. *In re Riverside-Linden Investment Co.*, 925 F.2d 320, 322-23 (9th Cir. 1991)(court may
16 decline to award attorneys' fees where the time expended cannot be justified by a cost-benefit analysis).
17 It is the applicant's burden to show entitlement to all fees requested from the estate. *Berg*, 268 B.R. at
18 257.

19 To fulfill these statutory obligations, at times, it is necessary to step back from the details of an
20 applicant's time records and consider a bigger picture. This is one of those times. Given the fact that
21 these cases involve a moderately straightforward liquidation of debtors assets and a surplus estate, the
22 court is compelled to wonder how the applicant found enough tasks to perform to total the \$487,438.00
23 that it seeks to recover from the estate. Whether the work was warranted is a different question. In the
24 court's experience, competent counsel should bring a liquidating chapter 11 case to confirmation for a
25 fraction of the amount requested here. So, one wonders, what justifies the difference?

26 Although the case was by no means simple, neither was it especially complex. While the debtors
27 had to investigate various means for disposing of the QuickLogic shares after the asset sale closed and
28 establish liquidating trusts, and while the Securities and Exchange Commission reviewed the plan and

1 disclosure statement, these issues do not justify the fees requested. Plainly stated, there is nothing about
2 the case itself that would warrant the amount of fees requested.

3 Murray & Murray is an established bankruptcy boutique firm whose attorneys are well-versed
4 in bankruptcy matters. However, with experience comes a corresponding duty to make use of it.
5 Because of the firm's expertise and commensurate hourly rates, the court reasonably expects that many
6 tasks should be relatively routine for debtors' counsel. Similarly, a firm of applicant's caliber should
7 have resources available to resolve efficiently those issues that might require extensive research in the
8 hands of inexperienced counsel.

9 The fees requested can only be explained by the firm's aggressive billing practices. But, to be
10 compensable from the estate, fees must fall within the parameters of § 330. Deviations from the
11 standards of that section are found throughout the applicant's time records. By way of illustration,
12 numerous entries that fail to fit within § 330 are set forth below, along with an explanation as to why
13 they are not compensable.

14
15 I. Excessive or Redundant Time

16 Attorneys have a duty to exercise good billing judgment when they apply for fees. *Hensley v.*
17 *Eckerhart*, 461 U.S. 424, 436 (1983). Hours that are excessive in relation to the task accomplished or
18 that are spent on unnecessary tasks are not reasonable and should be excluded from fee applications.
19 *See* 11 U.S.C. § 330(a)(3)(D) and (a)(4)(A). In deciding whether time spent is excessive, the court must
20 assess many factors such as the skill and experience level of the practitioner, as well as the complexity,
21 importance and nature of the task at hand. *Id.* at § 330 (a)(3)(D) and (E).

22 In many instances, when the court puts together groups of entries devoted to a single task, it is
23 obvious that the time devoted to the task was excessive. For example, almost immediately after the case
24 was filed, the debtors sought the court's permission to go forward with the QuickLogic sale. To
25 accomplish their goal, the debtors filed a motion to approve the sales procedures, a motion to assume
26 an interim agreement with QuickLogic and a motion to sell substantially all assets. Of course, these
27 motions had to be noticed to creditors and notice of the sale was also published in certain newspapers.
28 What is astounding, however, is the amount of time spent simply drafting the notices for these motions.

The following chart reflects entries found in Exhibit H, which document 36.80 hours of time by four attorneys devoted to the preparation of the notices. With the exception of the publication notice, which was just six short paragraphs, the court acknowledges the notices were fairly lengthy. Nevertheless, much of that length is attributable to many paragraphs of background information that are identical to paragraphs contained in the motions themselves. Because this information should have been easily transferred from the motions or from one notice to the next, the amount of time devoted to the notices is excessive. For the same reason, it is entirely possible that the time directed to drafting the motions may also be excessive.

| Date | Atty | Page | Time Entry | Hours Billed | Time Billed |
|----------|------|--------|---|--------------|-------------------|
| 05-24-01 | DAM | 105 | draft publication notice (3.6) | 3.60 | \$594.00 |
| 05-29-01 | DAM | 107 | draft notices of hearings (2.3) | 2.30 | \$425.50 |
| 05-30-01 | DAM | 107 | Revise notice of hearings on sale motions and publication notice (8.2) | 8.20 | \$1,517.00 |
| 05-30-01 | JSC | 107-08 | Review and revise publication notice re sale (.9) | 0.90 | \$148.50 |
| 05-30-01 | DAK | 108 | review proposed publication notice (1.3); revise notice on sale motion (.9) | 2.20 | \$495.00 |
| 05-30-01 | JWM | 108 | review Notice of sales procedure Motion and analysis and evaluation re same (1.2); review Notice for publication re same (.3) | 1.50 | \$525.00 |
| 05-31-01 | DAM | 109 | Revise notice of hearing (1.2); revise/finalize notices (2.9) | 4.10 | \$758.50 |
| 05-31-01 | JWM | 109 | Review Notice of hearing re sale; review and revise publication Notice (2.9) | 2.90 | \$1,015.00 |
| 05-31-01 | DAK | 109-10 | Revise notice re assumption motion, sale motion, revise publication notice (2.5) | 2.50 | \$562.50 |
| 06-06-01 | DAK | 115 | Revise supplemental Notice re sale (1.5) | 1.50 | \$390.00 |
| 06-06-01 | DAK | 116 | revise publication Notice (2.5) | 2.50 | \$650.00 |
| 06-06-01 | DAM | 116 | revise publication notice (2.4) | 2.40 | \$468.00 |
| 06-07-01 | DAK | 117 | Revise publication notice (.5) | 0.50 | \$130.00 |
| 06-08-01 | DAK | 119 | further revise publication Notice (1.7) | 1.70 | \$442.00 |
| | | | Total | 36.80 | \$8,121.00 |

The next chart demonstrates that three attorneys, including the most senior billing attorney, spent almost three hours preparing a form motion to appoint a responsible individual for the debtors and later amending that appointment to name a different individual. This time is excessive in light of the nature of the task accomplished, as well as the hourly rate charged. Because of its routine nature, a junior attorney should easily be able to complete both tasks in half the time that the applicant billed.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|-----------------|
| | | | Exhibit B | | |
| 05-24-01 | JSC | 2 | Review and revise application and order appointing natural person | 0.80 | \$132.00 |
| 06-05-01 | JWM | 2 | Finalize Application and Order re appointment of natural person | 0.20 | \$79.00 |
| 11-14-01 | DAK | 6 | Revise application to appoint responsible person | 0.30 | \$78.00 |
| 11-15-01 | DAK | 6 | Continue preparation of First Amended Application to appoint natural person with JSC | 0.10 | \$26.00 |
| 11-16-01 | JSC | 6 | Review and revise Application and Order appointing V. Cathrein as new responsible individual | 0.40 | \$74.00 |
| 11-27-01 | DAK | 6 | Revise Application to appoint new responsible person | 0.30 | \$130.00 |
| 11-27-01 | JSC | 6 | Review and revise amended application and Order appointing responsible individual | 0.30 | \$55.50 |
| | | | | | |
| | | | Exhibit F | | |
| 11-08-01 | JSC | 75 | Complete preparation of amended Motion and order to appoint responsible individual | 0.40 | \$74.00 |
| | | | Total | 2.80 | \$648.50 |

Another series of entries from Exhibit B shows that, over the course of eleven months, the same three attorneys spent more than five and a half hours considering and preparing an ex parte motion and order to limit notice of court proceedings to less than the entire creditor group. Such motions are not

uncommon in cases where the creditor body is large. Again, in light of the applicant's expertise and the hourly rates charged, five hours for the preparation of this set of pleadings is beyond reason.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|---|--------------|-------------------|
| 5-22-01 | DAK | 2 | Analysis and evaluation advisability and grounds for filing motion to limit notice | 0.20 | \$45.00 |
| 06-25-01 | DAK | 3 | Analysis and evaluation motion to limit notice, special notice parties | 0.20 | \$52.00 |
| 12-28-01 | JSC | 7 | Analysis and evaluation of Order limiting notice (.3); analysis and evaluation of equity security holder list re same (.3) | 0.60 | \$111.00 |
| 01-23-02 | JSC | 7 | Prepare Motion and Order limiting Notice (1.1); prepare declaration in support of Motion (.3); prepare Notice of Order limiting Notice (.3) | 1.70 | \$314.50 |
| 04-03-02 | JWM | 9 | Continue preparation of motion for Order limiting notice and related pleadings (1.4); revise notice of entry of order re same (.4) | 1.80 | \$747.00 |
| 04-04-02 | JWM | 9 | Continue preparation of ex parte motion for Order limiting notice, order, Declaration and notice of entry of order (.3) | 0.30 | \$124.50 |
| 04-08-02 | JWM | 9 | Continue preparation of Motion for order Limiting Notice and related pleadings (.8) | 0.80 | \$332.00 |
| | | | Total | 5.60 | \$1,726.00 |

Similarly, a series of entries in Exhibit D shows that two attorneys spent an inordinate amount of time preparing an ex parte application and order to seal certain employee information relating to salaries and benefits. After setting aside time entries for other activities concerning this motion, e.g., discussions or conferences, the court finds that it is unreasonable for two experienced attorneys to spend nearly six hours simply to prepare these papers.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|---|--------------|---------------|
| 06-18-01 | DAK | 27 | Analysis and evaluation re Application to submit employee information under seal (.1) | 0.10 | \$26.00 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|-------|--|--------------|-------------------|
| 06-18-01 | DAM | 27 | Continue preparation of motion for order authorizing filing of employee-related documents under seal (2.2) | 2.20 | \$429.00 |
| 06-19-01 | DAK | 27 | Revise ex parte Application to submit employee list under seal (.2) | 0.20 | \$52.00 |
| 06-19-01 | DAM | 27-28 | Draft/revise/finalize ex parte motion for order authorizing documents relating to employees to be filed under seal (1.0); draft corresponding order (.4) | 1.40 | \$273.00 |
| 06-20-01 | DAK | 28 | Analysis and evaluation revisions to employee Order finalize same (.5) | 0.50 | \$130.00 |
| 06-20-01 | DAM | 28 | draft proposed order [re employee benefits motion] (1.1); draft cover sheet for sealed documents (.3) | 1.40 | \$273.00 |
| | | | Total | 6.80 | \$1,183.00 |

The court identified yet another example of the applicant's excessive billing practices in Exhibit K. As charted below, the applicant spent almost six hours over the course of three months drafting and revising an omnibus objection to shareholder claims. Such objections are not uncommon in cases like this one and it is surprising that the applicant dedicated the indicated number of hours to this task. It appears that some inefficiency resulted from the fact that the objection was drafted, set aside and then, picked up for revisions approximately once a month. The estate should not be charged for that inefficiency.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|---|--------------|---------------|
| 03-20-02 | JSC | 166 | continue preparation of omnibus objection to "shareholder" Claims | 1.10 | \$203.50 |
| 03-21-02 | JSC | 166 | Continue preparation of omnibus objection to "shareholder" Claims | 1.80 | \$333.00 |
| 04-17-02 | JSC | 167 | Review and revise Omnibus Objection to "shareholder" Claims | 0.50 | \$92.50 |
| 04-24-02 | JSC | 168 | prepare shareholder omnibus Objection to Claim | 0.90 | \$166.50 |
| 04-29-02 | JSC | 168 | Review and revise omnibus objection to "shareholder" Claims | 0.30 | \$55.50 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|---|--------------|-------------------|
| 05-14-02 | JSC | 169 | review and revise objection to "shareholder" Claims and Exhibit "A" thereto (.5) | 0.50 | \$92.50 |
| 05-25-02 | JSC | 170 | review and revise "shareholder" Objections to Claims (.3) | 0.30 | \$55.50 |
| 06-02-02 | JSC | 170 | Review and revise matrix re Objections to "Shareholder" Claims | 0.20 | \$37.00 |
| 06-28-02 | JSC | 171 | Review and revise Declaration of Volker Cathrein in support of the Objection to "shareholder" Claims (.2) | 0.20 | \$37.00 |
| | | | Total | 5.80 | \$1,073.00 |

The applicant also directed an undue amount of time to determining whether or not to combine the hearing on the debtors' disclosure statement with the hearing on the plan of reorganization. Without further explanation, the court is mystified as to what issue in this regard could have necessitated research.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|---|--------------|-----------------|
| | | | Exhibit M | | |
| 07-05-01 | JWM | 41 | Legal research re conditional approval of Disclosure Statement and combining hearing on approval of Disclosure Statement with confirmation hearing (.2) | 0.20 | \$79.00 |
| 10-17-01 | DAK | 41 | legal research re combining hearing on Disclosure Statement and Plan of Reorganization (1.8) | 1.80 | \$468.00 |
| 11-29-01 | DAK | 42 | analysis and evaluation timing issues [re hearing on Disclosure statement] (.3) | 0.30 | \$78.00 |
| 12-07-01 | DAK | 42 | Draft memorandum re timing re hearing on Disclosure Statement (.1) | 0.10 | \$26.00 |
| | | | | | |
| | | | Exhibit N | | |
| 06-15-01 | DAK | 175 | Analysis and evaluation re timing issues re preparation of Plan of Reorganization and Disclosure Statement (.2) | 0.20 | \$52.00 |
| | | | Total | 2.60 | \$703.00 |

On several other occasions, the applicant performed legal research that appears to have been unwarranted. One of the more egregious examples concerns the payment of interest to unsecured creditors in a surplus case. As the United States Trustee pointed out, there is little to research regarding this issue. It is surprising that a firm with applicant's depth of experience would not have had someone who knew how to handle interest in a surplus case. Certainly, it is reasonable to expect the applicant to exhaust such informal avenues before charging the estate for lengthy research. Even if research were required, the applicant should have quickly been able to locate the dispositive Ninth Circuit case governing this issue. The chart below represents the total time spent on this issue. It is unquestionably exorbitant.

| Date | Atty | Page | Services | Hours Billed | Amount Billed |
|----------|------|--------|--|--------------|---------------|
| 07-27-01 | DAK | 177 | Legal research applicable interest rate under Plan of Reorganization (unsecured) (.2) | 0.20 | \$52.00 |
| 07-30-01 | DAK | 177 | Legal research re applicable interest rate under Plan of Reorganization (.3) | 0.30 | \$78.00 |
| 08-01-01 | CRK | 177 | Legal research re proper rate of interest re Plan of Reorganization (5.4) | 5.40 | \$1,215.00 |
| 08-01-01 | DAK | 177 | analysis and evaluation legal research re applicable interest rate to unsecured creditors (.5) | 0.50 | \$130.00 |
| 08-02-01 | CRK | 177-78 | Legal research re interest rate imposed on unsecured creditors' Claims re Plan of Reorganization (6.3) | 6.30 | \$1,417.50 |
| 08-03-01 | CRK | 178 | Legal research re interest rate to creditors re Plan of Reorganization (3.6) | 3.60 | \$810.00 |
| 08-05-01 | CRK | 178 | Legal research and draft memorandum re creditors' right to interest re Plan of Reorganization (2.2) | 2.20 | \$495.00 |
| 08-06-01 | CRK | 178 | Legal research and draft memorandum re creditors' right to interest re Plan of Reorganization (6.4) | 6.40 | \$1,440.00 |

| Date | Atty | Page | Services | Hours Billed | Amount Billed |
|----------|------|--------|--|--------------|-------------------|
| 08-07-01 | CRK | 178 | continue preparation of memorandum re interest owed creditors per Plan of Reorganization (2.6) | 2.60 | \$585.00 |
| 08-12-01 | CRK | 178 | Legal research re method to measure post-petition interest rate re Plan of Reorganization (1.0) | 1.00 | \$225.00 |
| 08-19-01 | CRK | 178-79 | Continue legal research re appropriate interest rate owed cram-down creditors per Plan of Reorganization (2.2) | 2.20 | \$495.00 |
| 08-20-01 | CRK | 179 | Legal research and draft memorandum re obligation to pay interest to creditors and appropriate rate per Plan of Reorganization (3.3); telephone conferences to treasury hotline re same (.3) | 3.30 | \$742.50 |
| 08-21-01 | CRK | 179 | Finalize memorandum re interest owed creditors per Plan of Reorganization (3.3) | 3.30 | \$742.50 |
| 09-03-01 | JWM | 179-80 | review legal research memorandum re applicable interest rate in Plan of Reorganization (.2) | 0.20 | \$79.00 |
| 04-15-02 | JWM | 202 | legal research re applicable interest rate per In re Cardelucci (.5) | 0.50 | \$207.50 |
| 04-16-02 | JWM | 202 | Legal research re post-petition interest (.5) | 0.50 | \$207.50 |
| 04-16-02 | JSC | 202 | Legal research re rate of interest as of week of/before Petition date (.5) | 0.50 | \$92.50 |
| 04-17-02 | JSC | 203 | legal research re post bankruptcy interest rate (.3) | 0.30 | \$55.50 |
| | | | Total | 39.30 | \$9,069.50 |

Another example is some unexplained research regarding fee applications. The standards for fee applications have not changed recently and the applicant should be very familiar with those standards. Without further explanation, this research appears to have been unnecessary.

| Date | Atty | Page | Time Entry | Time Billed | Amount Billed |
|----------|------|-------|---|-------------|---------------|
| 06-24-02 | JSC | 88-89 | Legal research re fee applications (.9) | 0.90 | \$166.50 |

| Date | Atty | Page | Time Entry | Time Billed | Amount Billed |
|----------|------|------|---|-------------|-----------------|
| 06-25-02 | JSC | 89 | Legal research Bankruptcy Rules and Guidelines for Compensation and Expense Reimbursement of professionals re Applications for Compensation (1.1) | 1.10 | \$203.50 |
| | | | Total | 2.00 | \$370.00 |

The next chart reflects a few occasions where an undue amount of time was devoted to performing, what should have been, relatively standard tasks. In these entries, counsel spent an overabundance of time preparing a form notice, conveying instructions for simple tasks, or preparing for hearings where little preparation was needed.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|--------|--|--------------|---------------|
| 04-09-02 | JWM | 10 | Exhibit B Commence preparation of notice of Debtor's Change of name | 0.30 | \$124.50 |
| 04-10-02 | JWM | 10 | Continue preparation of Notice re Debtor's change of name | 0.20 | \$83.00 |
| 04-16-02 | JWM | 10 | Continue preparation of Notice of Change of name | 0.30 | \$124.50 |
| 06-21-02 | JWM | 218-19 | Exhibit N continue preparation of Order and notice re change of name | 0.40 | \$166.00 |
| | | | | | |
| | | | Exhibit H | | |
| 07-18-01 | DAK | 137 | Analysis and evaluation status re closing (Quicklogic Sale), issues re same (.3) | 0.30 | \$78.00 |
| 07-20-01 | DAK | 137 | Review status of sale closing (.1) | 0.10 | \$26.00 |
| 07-25-01 | DAK | 138 | Review status of sale closing (.2) | 0.20 | \$52.00 |
| 07-30-01 | DAK | 138 | Review status of sale closing , telephone conference C. Mitchell re same (.2) | 0.10 | \$26.00 |
| 10-24-01 | DAK | 140 | Review status of Quicklogic stock | 0.10 | \$26.00 |
| 10-25-01 | DAK | 140 | Review Q3 results, stock price of Quicklogic (.1) | 0.10 | \$26.00 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|-------------|-------------|-------------|--|---------------------|----------------------|
| 10-26-01 | DAK | 140 | Review status of Quicklogic stock (.1) | 0.10 | \$26.00 |
| 11-06-01 | DAK | 140 | Monitor status of value of Quicklogic stock (.1) | 0.10 | \$26.00 |
| 01-30-02 | DAK | 141 | review trading price of Quicklogic stock (.1) | 0.10 | \$27.50 |
| 02-20-02 | DAK | 141 | Review status of Quicklogic stock (.1) | 0.10 | \$27.50 |
| | | | | | |
| | | | Exhibit M | | |
| 04-15-02 | JWM | 52 | Commence preparation for hearing re Disclosure Statement (1.1) | 1.10 | \$456.50 |
| 04-16-02 | JWM | 52 | commence preparation for Disclosure Statement hearing (1.5) | 1.50 | \$622.50 |
| 04-18-02 | JWM | 53 | continue preparation for Disclosure Statement hearing and draft presentation outline (2.1) | 2.10 | \$871.50 |
| | | | | | |
| | | | Exhibit N | | |
| 06-17-02 | JWM | 215 | Commence preparation for confirmation hearing (1.6) | 1.60 | \$664.00 |
| 06-18-02 | JWM | 216 | continue preparation for hearing on confirmation of Plan of Reorganization (1.6) | 1.60 | \$664.00 |
| 06-19-02 | JWM | 216 | prepare for confirmation hearing (2.2) | 2.20 | \$913.00 |
| 06-20-02 | JWM | 217 | prepare for confirmation hearing (1.3) | 1.30 | \$439.50 |
| | | | Total | 13.90 | \$5,470.00 |

Time can also be excessive when attorneys perform redundant or duplicative tasks. Indeed, § 330(a)(4)(A) of the Bankruptcy Code specifically provides that the court may not allow compensation for unnecessary duplication of services. The following entry, where two attorneys perform the same research, is just one example of duplicative or redundant work.

| Date | Atty | Page | Time Entry | Hours Not Allowed | Amount Not Allowed |
|-------------|-------------|-------------|-------------------|--------------------------|---------------------------|
| | | | Exhibit I | | |

| Date | Atty | Page | Time Entry | Hours Not Allowed | Amount Not Allowed |
|----------|------|------|---|-------------------|--------------------|
| 06-15-01 | DAK | 147 | legal research re [issues re Synopsys License], review Catapult decision re same (.4) | 0.40 | \$104.00 |
| 06-15-01 | DAM | 147 | legal research re [Catapult analysis of Synopsys agreement] (1.5) | 1.50 | \$292.50 |
| | | | Total | 1.90 | \$396.50 |

The next chart relates to time entries where multiple professionals participated in intraoffice conferences, court hearings or other meetings. Two of this district's Guidelines address these types of entries and provide direction for determining whether the requested compensation is appropriate. Specifically, Guideline 15 provides that a failure to justify time spent in conferences with other professionals or para-professionals in the same firm may result in the disallowance of all fees related to such intraoffice conferences. Similarly, Guideline 16 indicates that a failure to justify the need for more than one professional from the same firm at a court hearing or other meeting may result in compensation for only the lower billing attorney's time. It is clear from these provisions that compensation at the higher billing attorney's rate or for more than one professional's time should be the exception, not the rule.

Despite the Guidelines' benchmark, the applicant uniformly requested compensation for all professionals involved in both intraoffice conferences and court hearings. In an attempt to explain this practice, the applicant states that due to the complexity of the case, the intraoffice conferences were necessary to ensure that all attorneys understood the issues and to effectively delegate matters to junior attorneys. With respect to the occasional use of multiple professionals at court hearings, the applicant explains that the use of more than one professional was reasonable and beneficial because of the magnitude and complexity of the issues presented in the case. The applicant indicates that multiple professionals were only used at particularly significant hearings where each attorney was designated responsibility for a specific task or motion. This type of generic explanation does little to justify why a particular intraoffice conference or a particular court hearing was sufficiently remarkable to warrant treatment as an exception to the standards evidenced in Guidelines 15 and 16. The court did find some

instances where the applicant's request for compensation of multiple professionals was appropriate, such as an initial team meeting to allocate assignments early in the case and the attendance of two attorneys at the sale procedures motion where the records establish that the attorneys split the responsibility for addressing particular issues. Nevertheless, the chart below represents those instances where the court finds the applicant's omnibus explanation to be unpersuasive. The "duplicate amount billed" represents the amount attributable to the more senior attorney's time.

| Date | Atty | Page | Services Rendered | Duplicate Hours Billed | Duplicate Amount Billed |
|------------------|------|------|--|------------------------|-------------------------|
| Exhibit B | | | | | |
| 06-15-01 | JWM | 3 | Interoffice conference DAK re case management issues (.3) | 0.30 | \$118.50 |
| | DAK | 3 | Interoffice conference JWM re action items in case, status with SEC, etc. (.3) | | |
| 06-18-01 | DAK | 3 | Interoffice conference DAM re preparation of Chapter 11 Status conference statement (.2) | 0.20 | \$52.00 |
| | DAM | 3 | interoffice conference DAK re [preparation of status conference statement] (.2) | | |
| Exhibit F | | | | | |
| 5-22-01 | DAK | 58 | Interoffice conference JSC re additional employment applications for professionals (.2) | 0.20 | \$45.00 |
| 5-22-01 | JSC | 58 | Interoffice conference with DAK re 4 new professionals applications (.2) | | |
| 05-29-01 | DAK | 60 | Interoffice conference JSC re issues re employment applications (.2) | 0.20 | \$45.00 |
| 05-29-01 | JSC | 60 | Interoffice conference with DAK re application to employ M&M, etc. (.2) | | |
| 06-15-01 | DAK | 65 | interoffice conference JSC re [Cathrein Application, securities counsel] (.3) | 0.30 | \$78.00 |
| 06-15-01 | JSC | 65 | interoffice conference with DAK re [objection to Volker's employment](.3) | | |

| Date | Atty | Page | Services Rendered | Duplicate Hours Billed | Duplicate Amount Billed |
|-------------|-------------|-------------|---|-------------------------------|--------------------------------|
| | | | | | |
| | | | Exhibit H | | |
| 05-23-01 | DAK | 103 | Interoffice conference DAM re timing, other issues re sale pleadings (.2) | 0.20 | \$45.00 |
| 05-23-01 | DAM | 104 | Interoffice conference DAK re sale-related motion (.2) | | |
| 05-23-01 | DAK | 103-04 | interoffice conference JSC re publication notice (.2) | 0.20 | \$45.00 |
| 05-23-01 | JSC | 104 | Interoffice conference with DAK re publication notice (.2) | | |
| 05-24-01 | DAK | 105 | interoffice conference JSC re publication issues (.3) | 0.30 | \$67.50 |
| 05-24-01 | JSC | 105 | interoffice conference with DAK re [Wall Street Journal publication] (.3) | | |
| 05-29-01 | DAK | 106 | interoffice conference DAM re [accelerated schedule] and re notice re hearings (.3) | 0.30 | \$67.50 |
| 05-29-01 | DAM | 107 | Interoffice conference DAK re issues re sale (.3) | | |
| 5-30-01 | DAM | 107 | interoffice conference's DAK re [notice of hearings on sale motions and publication notice] (.3) | 0.30 | \$67.50 |
| 5-30-01 | DAK | 108 | interoffice conference DAM re revisions to notice re sale (.3) | | |
| 5-30-01 | JWM | 108 | Interoffice conferences DAK re 6/1 hearing, etc. (.8) | 0.80 | \$280.00 |
| 5-30-01 | DAK | 108 | various interoffice conferences JWM re 6/1 hearing date action items re sale (.8) | | |
| 06-04-01 | DAK | 112 | several interoffice conferences DAM re [assumption motion and employee benefit motion] (.4) | 0.40 | \$104.00 |
| 06-04-01 | DAM | 113 | Multiple interoffice conferences DAK re motion to assume interim agreement and motion to honor vacation benefits, etc. (.4) | | |

| Date | Atty | Page | Services Rendered | Duplicate Hours Billed | Duplicate Amount Billed |
|-------------|-------------|-------------|---|-------------------------------|--------------------------------|
| 06-05-01 | JWM | 114 | Interoffice conference DAK re sale pleadings (.2) | 0.20 | \$79.00 |
| 06-05-01 | DAK | 115 | interoffice conference JWM re miscellaneous issues re sale (.2) | | |
| 06-05-01 | DAK | 115 | interoffice conference DAM re [publication notice] (.2) | 0.20 | \$52.00 |
| 06-05-01 | DAM | 115 | interoffice conference DAK re [publication notice] (.2) | | |
| 06-06-01 | JWM | 115 | Interoffice conference DAK (2) re notice (.2) | 0.20 | \$79.00 |
| 06-06-01 | DAK | 116 | interoffice conference JWM (2) re publication notice (.2) | | |
| 06-06-01 | DAK | 116 | interoffice conference DAM (2) re revisions to [publication notice] (.2) | 0.20 | \$52.00 |
| 06-06-01 | DAM | 116 | interoffice conference DAK re [publication notice] (.2) | | |
| 06-07-01 | JSC | 117 | interoffice conference with DAK re [telephone conferences re publication notice] (.1) | 0.10 | \$26.00 |
| 06-07-01 | DAK | 117 | interoffice conference with JSC re [publication notice] (.1) | | |
| 06-08-01 | JWM | 118 | Interoffice conference DAK re issues re sale, Notice and publication (.4) | 0.40 | \$158.00 |
| 06-08-01 | DAK | 119 | interoffice conference JWM re issues raised by V. Cathrein re sale, notice and publication (.4) | | |
| 06-13-01 | DAK | 122 | interoffice conference JSC issues re findings requested in order and evidence in support of same (.2) | 0.20 | \$52.00 |
| 06-13-01 | JSC | 123 | interoffice conference with DAK re [evidence of findings in sale order] (.2) | | |
| 06-19-01 | DAK | 126 | interoffice conference DAM re Synopsys license (.2) | 0.20 | \$52.00 |
| 06-19-01 | DAM | 127 | interoffice conference DAK re Synopsys license agreement (.2) | | |

| Date | Atty | Page | Services Rendered | Duplicate Hours Billed | Duplicate Amount Billed |
|-------------|-------------|-------------|--|-------------------------------|--------------------------------|
| 06-20-01 | JWM | 127-28 | attend continued hearing re sale, etc. (1.8) | 1.80 | \$711.00 |
| 06-20-01 | DAK | 128 | attend continued hearing on sale Motion, revise Orders re sale Motion, assumption Motion (1.8) | | |
| 06-22-01 | JWM | 130 | Multiple interoffice conferences DAK re sales Order, SEC sign off and Court's modification of various provisions (1.0) | 1.0 | \$395.00 |
| 06-22-01 | DAK | 130 | multiple interoffice conferences JWM re sales order, SEC sign off and court's modification of various provision (1.0) | | |
| 06-29-01 | JWM | 133 | interoffice conference DAK re concerns of Canadian counsel [re orders] (.5); further interoffice conference DAK re same (.5) | 1.0 | \$395.00 |
| 06-29-01 | DAK | 133 | interoffice conference JWM re [Canadian counsel] (.5); . . . interoffice conference JWM re resolution of issues re [Canadian hearing] (.5) | | |
| 07-02-01 | JWM | 134 | interoffice conference DAK re Canadian Orders and hearing (.2) | 0.20 | \$79.00 |
| 07-02-01 | DAK | 135 | interoffice conference JWM re [concerns of Canadian court] (.2) | | |
| 07-02-01 | JWM | 134 | interoffice conference DAK re letter to Canadian counsel (3) (.3) | 0.30 | \$118.50 |
| 07-02-01 | DAK | 135 | interoffice conference JWM re [various correspondence to counsel] (.3) | | |
| 07-02-01 | DAK | 134 | interoffice conference DAM re follow-up re [status of name change] per APA (.2) | 0.20 | \$52.00 |
| 07-02-01 | DAM | 135 | Interoffice conference DAK re V3 name change, etc. (.2) | | |

| Date | Atty | Page | Services Rendered | Duplicate Hours Billed | Duplicate Amount Billed |
|----------|------|--------|---|------------------------|-------------------------|
| 07-03-01 | JWM | 135-36 | interoffice conference DAK re entry of Orders by Canadian Court and logistic re sale close (2) (.2); multiple interoffice conference with DAK re form of Canadian Court Orders (.3) | 0.50 | \$197.50 |
| 07-03-01 | DAK | 136 | interoffice conferences JWM re [Canadian Orders] and re logistics re closing (.5) | | |
| 07-24-01 | JWM | 138 | Interoffice conference DAK re status of sale close (.2) | 0.20 | \$79.00 |
| 07-24-01 | DAK | 138 | Interoffice conference JWM re status of closing (.2) | | |
| 07-31-01 | JWM | 138 | Interoffice conference DAK re sale close (2) (.3) | 0.30 | \$118.50 |
| 07-31-01 | DAK | 138-39 | Interoffice conference JWM re sale closing (2) (.3) | | |
| 08-01-01 | JWM | 139 | Multiple interoffice conferences DAK re sale close, stock certificate, name change, etc. (.6) | 0.60 | \$237.00 |
| 08-01-01 | DAK | 139 | interoffice conferences JWM re sale closing (.6) | | |
| | | | | | |
| | | | Exhibit I | | |
| 06-14-01 | DAK | 146 | Interoffice conference DAM re additional executory contracts, necessity of further supplement to motion in support of same (.1) | 0.10 | \$26.00 |
| 06-14-01 | DAM | 146-47 | interoffice conferences DAK re [licenses] (.1) | | |
| 06-15-01 | DAK | 147 | Interoffice conference DAM re issues re Synopsys License (.1) | 0.10 | \$26.00 |
| 06-15-01 | DAM | 147 | interoffice conference DAK re [Catapult analysis of Synopsys agreement](.1) | | |

| Date | Atty | Page | Services Rendered | Duplicate Hours Billed | Duplicate Amount Billed |
|-------------|-------------|-------------|--|-------------------------------|--------------------------------|
| 06-19-01 | DAK | 147 | interoffice conference DAM re Avant! Agreement (.3) | 0.30 | \$78.00 |
| 06-19-01 | DAM | 148 | interoffice conferences DAK re Avant! Agreement (.3) | | |
| | | | | | |
| | | | Exhibit K | | |
| 02-19-02 | DAK | 163 | Interoffice conference JSC re Claims (.4) | 0.40 | \$110.00 |
| 02-19-01 | JSC | 163 | Interoffice conference with DAK re All American Semiconductor and Nu Vision Claims (.4) | | |
| 04-11-02 | CAJ | 167 | interoffice conferences JSC re Future Electronics settlement (.2) | 0.20 | \$49.00 |
| 04-11-02 | JSC | 167 | Interoffice conferences with CJ re Future Electronics Claim (.2) | | |
| | | | | | |
| | | | Exhibit N | | |
| 10-09-01 | JWM | 180-81 | interoffice conference DAK re [email from V. Cathrein] and combining hearing on approval of Disclosure Statement with hearing on confirmation of Plan of Reorganization (.2) | 0.20 | \$79.00 |
| 10-09-01 | DAK | 180 | Interoffice conference JWM re Plan or Reorganization, timing issues (.2) | | |
| | | | | | |
| | | | Exhibit O | | |
| 06-18-01 | JWM | 223-24 | Interoffice conference DAK re SEC issues (.2) | 0.20 | \$79.00 |
| 06-18-01 | DAK | 224 | interoffice conference JWM re issues re [SEC] (.2) | | |

| Date | Atty | Page | Services Rendered | Duplicate Hours Billed | Duplicate Amount Billed |
|----------|------|------|--|------------------------|-------------------------|
| 06-18-01 | JWM | 224 | telephonic conference call Attorneys Lloyd and Schwartzbaum re [SEC issues] (1.5) | 1.50 | \$592.50 |
| 06-18-01 | DAK | 224 | detailed telephone conference with Hal Lloyd, D. Schwartzbaum, client re issues re SEC (1.5) | | |
| | | | Total | | \$4,987.00 |

II. Ministerial, Clerical or Administrative Time

In *Sousa v. Miguel (In re United States Trustee)*, 32 F.3d 1370, 1373 (9th Cir. 1994), the Ninth Circuit held that normal overhead expenses are not compensable under § 330(a). It further determined that time entries for ministerial, clerical or administrative tasks are part of normal overhead expenses and, therefore, are non-compensable. *Id.* at 1374. Under this standard, the court has identified one glaring attempt to be compensated for administrative time related to preparation of the fee application. The following table documents attorney time devoted to preparing a Master Time Summary. This summary, attached as Exhibit AA, is nothing more than chronological record of the applicant's time. Assuming accurate time records were maintained, in this era of computerized record-keeping the process of putting these entries together reasonably can and should be characterized as an administrative or ministerial task. Certainly, nothing in the fee application explains why, in this case, it was not.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|---------------|
| | | | Exhibit G | | |
| 06-13-01 | JWM | 83 | Commence preparation of Master Time Summary re Application for Compensation (.7) | 0.70 | \$276.00 |
| 06-14-01 | JSC | 83 | Continue preparation of Master Time Summary re Application for Compensation (.4) | 0.40 | \$74.00 |
| 06-18-01 | JSC | 83 | Continue preparation of Master Time Summary re application for Compensation (.3) | 0.30 | \$55.50 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|-------------|-------------|-------------|--|---------------------|----------------------|
| 07-06-01 | JWM | 83 | Continue preparation of Master Time Summary re Application for Compensation (.6) | 0.60 | \$237.00 |
| 08-06-01 | JWM | 83 | Continue preparation of Master Time Summary re Application for Compensation (2.1) | 2.10 | \$829.50 |
| 10-16-01 | JWM | 83 | Continue preparation of Master Time Summary re Application for Compensation (.5) | 0.50 | \$197.50 |
| 02-26-02 | JWM | 85 | Miscellaneous re preparation of Master Time Summary re Application for Compensation (.2) | 0.20 | \$83.00 |
| 02-26-02 | DAK | 86 | Miscellaneous re preparation of Master Time Summary re Application for Compensation (.2) | 0.20 | \$55.00 |
| 02-26-02 | JSC | 86 | Continue preparation of Master Time Summary re Application for Compensation (.7) | 0.70 | \$129.50 |
| 03-05-02 | DAK | 86 | Continue preparation of Master Time Summary re Application for Compensation (4.0) | 4.00 | \$1,100.00 |
| 03-05-02 | JSC | 86 | Continue preparation of Master Time Summary re Application for Compensation (.5) | 0.50 | \$92.50 |
| 03-06-02 | DAK | 86 | Continue preparation of Master Time Summary re Application for Compensation (2.0) | 2.00 | \$550.00 |
| 03-07-02 | DAK | 86 | Continue preparation of Master Time Summary re application for compensation (.2) | 0.20 | \$55.00 |
| 03-26-02 | DAK | 86 | Continue preparation of Master Time Summary re application for Compensation (.8) | 0.80 | \$220.00 |
| 04-03-02 | JSC | 86 | Continue preparation of Master Time Summary re application for compensation (.3) | 0.30 | \$55.50 |
| 04-04-02 | DAK | 86-87 | Continue preparation of Master Time Summary re Application for Compensation (.6) | 0.60 | \$165.00 |
| 04-16-02 | JSC | 87 | Continue preparation of master Time Summary re Application for compensation (.2) | 0.20 | \$37.00 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|---|--------------|-------------------|
| 05-07-02 | JWM | 87 | Continue preparation of Master Time Summary re Application for Compensation (1.8) | 1.80 | \$747.00 |
| 05-07-02 | JSC | 87 | Continue preparation of Master Time Summary re Application for Compensation (.6) | 0.60 | \$111.00 |
| 05-10-02 | JWM | 87 | Continue preparation of Master Time Summary re Application for Compensation (.5) | 0.50 | \$207.00 |
| 06-12-02 | JSC | 88 | Continue preparation of Master Time Summary re application for compensation (.3) | 0.30 | \$55.50 |
| 06-28-02 | JWM | 89 | Continue preparation of Master Time Summary re Application for Compensation (1.9) | 1.90 | \$788.50 |
| 07-04-02 | JWM | 90 | Continue preparation of master Time Summary re application for Compensation (4.5) | 4.50 | \$1,867.50 |
| | | | Total | 23.90 | \$7,988.50 |

In addition to the entries related to the Master Time Summary, the following entries are examples of other ministerial or administrative time which, under the standard announced in *Sousa*, is not compensable.

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|---------------|
| | | | Exhibit B | | |
| 01-24-02 | JSC | 7 | Review procedures for open calendaring system re scheduling hearing and miscellaneous re same (.3) | 0.30 | \$55.50 |
| 06-14-01 | JSC | 2 | Review docket entries with our pleadings files to confirm complete (1.4) | 1.40 | \$259.00 |
| 06-25-01 | DAK | 3 | Commence preparation of chapter 11 calendar re all critical dates in case (.8) | 0.80 | \$208.00 |
| | | | | | |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|-------------|-------------|-------------|--|---------------------|----------------------|
| | | | Exhibit C | | |
| 05-23-01 | DAK | 15 | Oversee mailing of case commencement documents to client and counsel (.4) | 0.40 | \$90.00 |
| | | | | | |
| | | | Exhibit H | | |
| 06-01-01 | JSC | 111 | assemble Exhibits for sale Motion Order (.9) | 0.90 | \$166.50 |
| 06-05-01 | DAK | 114 | oversee timely service on parties, exhibits to Declarations (.4) | 0.40 | \$104.00 |
| 06-06-01 | DAK | 116 | oversee service of sale pleadings order (.2) | 0.20 | \$52.00 |
| 06-21-01 | DAK | 129 | attend to submission of orders to Court, obtaining Certified copies (.2) | 0.20 | \$52.00 |
| 06-22-01 | DAK | 130 | oversee overnight service to [counsel re sale and employee benefits order](.8) | 0.80 | \$208.00 |
| | | | | | |
| | | | Exhibit K | | |
| 05-28-02 | JSC | 170 | Assemble Claims binder with Claims and transfer/assignments of Claims (2.8) | 2.80 | \$518.00 |
| | | | | | |
| | | | Exhibit M | | |
| 10-17-01 | DAK | 41 | Review available dates for Disclosure Statement and Plan of Reorganization hearings (.3) | 0.30 | \$58.00 |
| 11-13-01 | DAK | 41-42 | Review available dates for hearing on Disclosure Statement and Plan of Reorganization (.2) | 0.20 | \$52.00 |
| 02-01-02 | JWM | 46 | Conference L. Poole of Bowne re duplication and mailing of notice of Disclosure Statement hearing and Plan of Reorganization and Disclosure Statement (.8) | 0.80 | \$332.00 |
| | | | | | |
| | | | Exhibit N | | |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|-------------------|
| 11-26-01 | DAK | 186 | Review available dates for hearing re Disclosure Statement and Plan of Reorganization, correspondence re same (.2) | 0.10 | \$26.00 |
| | | | Total | 9.60 | \$2,181.00 |

III. Time Not Reasonably Likely to Benefit the Estate

To be compensable, services performed must have been reasonably likely to benefit the estate at the time the services were rendered. *In re Mednet*, 251 B.R. 103, 108 (9th Cir. BAP 2000). Under this standard, it is clear that any services to be paid from the estate, at a minimum, must be undertaken for the estate's benefit, not that of some other entity. Ignoring this prerequisite, the applicant here has requested fees for a considerable number of activities that could only benefit the debtors' directors and officers. For example, every time entry in Exhibit R relates to legal research concerning the duties of directors toward a bankrupt corporation and the directors' ability to resign. While this research may have provided guidance to the debtors' directors, it had no conceivable benefit to the estate. None of these entries, totaling 109.7 hours and \$24,999, is compensable.

For the same reason, the time spent researching other issues or performing other activities on behalf of the debtors' directors is not compensable. The chart below contains additional examples of time which benefitted the directors, but not the estate.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|---------------|
| | | | Exhibit D | | |
| 09-14-01 | JWM | 29 | Telephone conference Volker re severance packages and directors' fees (.2) | 0.20 | \$79.00 |
| 09-14-01 | DAK | 29 | Telephone conference V. Cathrein re payment of director fees, miscellaneous re same (.3) | 0.30 | \$78.00 |
| 09-28-01 | DAK | 29 | Correspondence V. Cathrein re compensation to director (.1) | 0.10 | \$26.00 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|-------|--|--------------|---------------|
| 10-12-01 | CRK | 29 | Gather facts pertinent to issues re payment of director fees and severance (.4); legal research payment of fees and severance in ordinary course (1.4) | 1.80 | \$405.00 |
| 10-15-01 | CRK | 29 | Legal research administrative expense priority for director compensation and corporation's ability to set fees (3.6) | 3.60 | \$810.00 |
| 10-16-01 | CRK | 29-30 | Legal research and continue preparation of memorandum re payment of directors (6.2) | 6.20 | \$1,395.00 |
| 10-18-01 | CRK | 30 | Continue preparation of memorandum re payment of severance pay in ordinary course and shepardize cases (4.1) | 4.10 | \$922.50 |
| 10-21-01 | CRK | 30 | Continue preparation of memorandum and shepardize cases re payment of director compensation (3.7) | 3.70 | \$832.50 |
| 10-22-01 | CRK | 30 | Finalize memorandum re paying director compensation in ordinary course (5.7) | 5.70 | \$1,282.50 |
| | | | | | |
| | | | Exhibit K | | |
| 10-04-01 | CRK | 158 | Legal research re payment of post-petition directors fees (1.6) | 1.60 | \$360.00 |
| 10-10-01 | CRK | 158 | Legal research re payment of director fees in ordinary course (8.4) | 8.40 | \$1,890.00 |
| 10-11-01 | CRK | 158 | Legal research whether severance Claims qualify as administrative priority (6.7) | 6.70 | \$1,507.50 |
| | | | | | |
| | | | Exhibit N | | |
| 01-03-02 | CRK | 190 | Legal research re tax treatment of corporate transfers and reorganizations, and definitions of "successor" as used in Section 1145(a) of Bankruptcy Code (6.4) | 6.40 | \$1,440.00 |
| 01-04-02 | CRK | 190 | Legal research and commence preparation of memorandum re interplay between Bankruptcy and Internal Revenue Code and definition of successor to Debtor under Section 1145 (8.3) | 8.30 | \$1,867.50 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|--------|--|--------------|--------------------|
| 01-05-02 | JWM | 190 | Review legal research memorandum re res judicata effect of Plan of Reorganization and reservation of claim and revise Plan of Reorganization and Disclosure Statement re same (.8) | 0.80 | \$332.00 |
| 01-07-02 | CRK | 190-91 | Continue preparation of memorandum re “successor to Debtor” under section 1145 and overview of IRC 368 (3.8) | 3.80 | \$855.00 |
| 01-18-02 | JWM | 191 | legal research re res judicata effect of Plan of Reorganization (.2) | 0.20 | \$83.00 |
| | | | Total | 61.90 | \$14,165.50 |

In addition to determining whether work is performed on the estate’s behalf, the court must also consider whether any particular service was reasonably likely to provide the required benefit at the time the service was performed. To make this determination, the court must take into account the circumstances and manner in which services were performed and the results achieved. *Mednet*, 251 B.R. at 108. The next chart shows how one task in particular fails this standard. The applicant spent many hours preparing a 21 page proposed order confirming the debtors’ plan of reorganization. The proposed order contained page after page of factual findings that were unsupported by declaration and were, in any event, unnecessary to the order. A firm of applicant’s caliber, should have known better. Ultimately, the court reduced the order to five pages. Because the stricken language should never have been part of the order, the time spent preparing the order and later removing the offensive provisions provided no benefit to the estate. There is no justification for charging the debtors’ estate for this work.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|---------------|
| | | | Exhibit N | | |
| 06-09-02 | JWM | 212 | Commence preparation of Order confirming Plan of Reorganization (.8) | 0.80 | \$332.00 |
| 06-10-02 | JWM | 212 | Continue preparation of Order confirming plan (2.0) | 2.00 | \$830.00 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|--------|---|--------------|---------------|
| 06-11-02 | JWM | 213 | Continue preparation of Order confirming Plan of Reorganization; review Plan of Reorganization, Disclosure Statement, Ch. 11 of bankruptcy code, schedules, April Monthly Operating Report and legal research memorandum re same (8.2) | 8.20 | \$3,403.00 |
| 06-12-02 | JWM | 213 | Continue preparation of Order confirming plan and Declarations in support thereof (6.8) | 6.80 | \$2,822.00 |
| 06-12-02 | JSC | 213 | Review and revise Order re second amended Plan of Reorganization and analysis and evaluation re same (2.0) | 2.00 | \$370.00 |
| 06-13-02 | JWM | 214 | continue preparation of Order confirming Plan of Reorganization (.4) | 0.40 | \$166.00 |
| 06-14-02 | JWM | 214 | Continue preparation of Order confirming Plan of Reorganization (1.1) | 1.10 | \$456.50 |
| 06-17-02 | JWM | 215 | Continue preparation of Order confirming Plan of Reorganizaiton (1.1); review revisions to Order confirming Plan of Reorganization by Attorney Watts (.2); continue preparation of Declaration of JWM and V. Cathrein re confirmation (2.2) | 3.50 | \$1,452.50 |
| 06-19-02 | JWM | 216 | Review and revise Order confirming plan re KPMG claims (.2); continue preparation of Order confirming plan (.9) | 1.10 | \$465.50 |
| 06-20-02 | JWM | 217 | revise Order of confirmation per Court's comments and email M. Choi re same (1.9); . . . telephone conference with M. Choi re form of Order and continue to revise same (1.6) | 3.50 | \$1,452.50 |
| 06-20-02 | DAK | 217-28 | Telephone conference Chambers (2) re revisions to Order approving confirmation of Plan of Reorganizaiton (.2) | 0.20 | \$55.00 |
| 06-20-02 | JSC | 218 | Prepare Orders for Plan Reorganization confirmation hearing (1.1); review and revise Order confirming Plan of Reorganization (.4); review order confirming Plan or Reorganization and Declaration of V. Cathrein in support of Plan of Reorganization to show evidence supporting finding in order (.5) | 2.00 | \$370.00 |

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|--------|---|--------------|--------------------|
| 06-21-02 | JWM | 218-19 | continue preparation of Order and notice re change of name (.4) | 0.40 | \$166.00 |
| | | | Total | 32.00 | \$12,341.00 |

The following table contains two other examples where time billed to this case provided no real benefit to the estate. For example, there is no apparent benefit to having an attorney prepare for the debtors' § 341 meeting of creditors, only to have a different attorney attend the meeting. In the final example, the benefit of simply reviewing the "status" of the plan of reorganization is not apparent.

| Date | Atty | Page | Time Entry | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|-----------------|
| | | | Exhibit B | | |
| 06-19-01 | DAM | 3 | Prepare for section 341 meeting of creditors (1.0) | 1.00 | \$195.00 |
| 06-20-01 | JWM | 3 | Attend Section 341 Meeting of Creditors (.5) | 0.50 | \$197.50 |
| | | | | | |
| | | | Exhibit N | | |
| 11-05-01 | DAK | 184 | Review status re Plan of Reorganization (.1) | 0.10 | \$26.00 |
| | | | Total | 1.60 | \$418.50 |

IV. Inadequate Description

Each applicant for attorneys' fees is under a duty to describe the work performed in a manner that will permit the court to determine whether the time is compensable. If the description is inadequate, then the court cannot determine whether the compensation requested is reasonable or whether it is for actual, necessary services. Because the applicant bears the burden of proving that it is entitled to fees, the failure to provide an adequate depiction of its time is sufficient basis to disallow the request for fees. The court finds that in many instances, the applicant fell woefully short of providing the necessary description. Each of these instances involves one of two billing practices that are troubling to the court. On many occasions, the applicant's time entries start with the phrase "miscellaneous" and then go on

to note a subject matter of the entry. In a similar fashion, other entries begin with the phrase “attention to” and note the object of the professional’s attention. These vague terms “miscellaneous” and “attention to” fail to identify any specific task against which the court may judge the allotted time. It is telling that the applicant assigns a wide range of time to such entries. For example, while the applicant may have allotted a tenth of an hour to one “miscellaneous” entry, the next might be assigned over an hour of time. Nothing in the description of the task, however, reveals why the entry merits the assigned amount of time. Without the ability to determine whether the time was suitable to the task and whether the task is necessary to the case, it is impossible to determine whether the fee request falls within the statutory parameters of 11 U.S.C. § 330.

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|---------------|
| | | | Exhibit B | | |
| 06-14-01 | JSC | 2-3 | miscellaneous re obtaining missing pleadings (.4) | 0.40 | \$74.00 |
| 06-29-01 | JSC | 4 | Miscellaneous re documents received from Copy Service (.1) | 0.10 | \$18.50 |
| 07-02-01 | JSC | 4 | Miscellaneous re obtaining copy of filed-marked creditors matrix from court (.3) | 0.30 | \$55.50 |
| 08-29-01 | DAK | 5 | Miscellaneous re Chapter 11 Status Conference Statement (.1) | 0.10 | \$26.00 |
| 09-13-01 | DAK | 5 | Miscellaneous re action items, follow-up items (.2) | 0.20 | \$52.00 |
| 02-15-02 | JWM | 8 | Miscellaneous re bad addresses re creditor list (.1) | 0.10 | \$41.50 |
| 03-19-02 | JWM | 9 | Miscellaneous re service of Notice of entry of Order modifying Order re joint administration of cases (.2) | 0.20 | \$83.00 |
| 03-20-02 | JSC | 9 | miscellaneous re [name change of client] (.1) | 0.10 | \$18.50 |
| 03-20-02 | DAK | 9 | miscellaneous re [name change] (.1) | 0.10 | \$27.50 |
| 03-21-02 | JSC | 9 | Miscellaneous re new case caption re V Cubed name change (.2) | 0.20 | \$37.00 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|---------------|
| 04-03-02 | JSC | 9 | Miscellaneous re motion to shorten time (.3) | 0.30 | \$55.50 |
| 06-21-02 | JWM | 11 | Miscellaneous re organization and post-confirmation action items, and commence preparation of memorandum re same (2.1) | 0.50 | \$207.50 |
| 07-04-02 | JWM | 11 | miscellaneous instructions re [articles or incorporation] (.1) | 0.10 | \$41.50 |
| | | | | | |
| | | | Exhibit C | | |
| 05-22-01 | DAK | 15 | Attention to case commencement issues, pleadings, Statement of Affairs & Schedules (.5) | 0.50 | \$112.50 |
| 05-23-01 | DAM | 15 | Miscellaneous re orders for joint administration at bankruptcy court (.7) | 0.70 | \$129.50 |
| 07-24-01 | DAK | 15 | Attention to updates to creditor matrix (.3) | 0.30 | \$78.00 |
| | | | | | |
| | | | Exhibit D | | |
| 06-14-01 | DAK | 27 | miscellaneous re order re employees motion (.1) | 0.10 | \$26.00 |
| 06-27-01 | DAK | 28 | miscellaneous re [payment of retention bonuses, purchase of Claims by Quicklogic] (.9) | 0.90 | \$234.00 |
| 08-29-01 | DAM | 29 | miscellaneous re [change in C. Mitchell's status] (.2) | 0.20 | \$39.00 |
| 08-29-01 | DAK | 29 | Miscellaneous re payment of severance to C. Mitchell (.1) | 0.10 | \$26.00 |
| 10-25-01 | JWM | 30 | Miscellaneous re voicemail from C. Mitchell re severance agreement (.2) | 0.20 | \$79.00 |
| | | | | | |
| | | | Exhibit E | | |
| 06-28-01 | DAK | 35 | Telephone conference C. Mitchell re revision of schedules <i>and miscellaneous re same</i> (.2) | 0.10 | \$26.00 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|-------|--|--------------|---------------|
| 06-29-01 | JWM | 35 | Miscellaneous re amendments to Statement of Affairs & Schedules (.2) | 0.20 | \$79.00 |
| 07-18-01 | JSC | 36 | Miscellaneous re scheduling Solursh and Schedule F (.1) | 0.10 | \$18.50 |
| 07-20-01 | DAM | 36-37 | miscellaneous re service and revision to same (.2) | 0.20 | \$39.00 |
| 07-20-01 | DAM | 37 | Miscellaneous re service amended Schedules (.2) | 0.20 | \$39.00 |
| 07-25-01 | DAK | 37 | Attention to filing of amended Statement of Affairs & Schedules, Monthly Operating Reports (.1) | 0.10 | \$26.00 |
| 08-08-01 | DAM | 37 | Finalize Monthly Operating Reports <i>and miscellaneous re filing of amended schedules</i> (.4) | 0.20 | \$39.00 |
| 01-28-02 | DAK | 39 | miscellaneous re filing of [operating reports] (.1) | 0.10 | \$27.50 |
| 01-30-02 | DAK | 39 | Miscellaneous re Monthly Operating Reports for 12/01 (.1) | 0.10 | \$27.50 |
| 05-20-02 | JSC | 39-40 | miscellaneous re amending Schedule E (.2) | 0.20 | \$55.50 |
| 05-20-02 | DAK | 40 | Miscellaneous re amendment of schedule E to add employee claims (.2) | 0.20 | \$55.00 |
| 05-21-02 | DAK | 40 | miscellaneous re amended Statement of Affairs & Schedules (.1) | 0.10 | \$27.50 |
| 05-25-01 | JSC | 59 | miscellaneous re filing motions (.6) | 0.60 | \$99.00 |
| | | | | | |
| | | | Exhibit F | | |
| 06-05-01 | DAK | 60-61 | Analysis and evaluation status of employment applications, additional professionals to be employed <i>and miscellaneous re same</i> (.2) | 0.10 | \$26.00 |
| 06-12-01 | JSC | 64 | miscellaneous re e-mailing and overnighting disk of creditors matrix to Fogler, Rubinoff (.2) | 0.20 | \$37.00 |
| 06-14-01 | JSC | 65 | Ms re service of applications re employment of professionals (.3) | 0.30 | \$55.50 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|-------|--|--------------|---------------|
| 06-18-01 | DAK | 65 | Attention to issues re supplement to Application for employment of V. Cathrein (.3) | 0.30 | \$78.00 |
| 06-20-01 | JSC | 67 | Miscellaneous re client execution of application to employ Fogler Rubinoff (.2); . . . miscellaneous re filing of Application, Verified Statement and Order (.1) | 0.30 | \$55.50 |
| 06-21-01 | JWM | 67 | Miscellaneous re Order re Application for Employment of Counsel (M&M) (.1) | 0.10 | \$39.50 |
| 06-22-01 | JSC | 68 | Miscellaneous re Solursh employment (.1) | 0.10 | \$18.50 |
| 06-22-01 | JSC | 68 | Miscellaneous re status of employment of professionals (.2) | 0.20 | \$37.00 |
| 06-25-01 | DAK | 68 | Miscellaneous re Order authorizing employment of WitSoundView (.1) | 0.10 | \$26.00 |
| 06-26-01 | DAK | 68 | miscellaneous re [Cathrein supplemental verified statement] (.1); attention to status of employment of Latham (.2) | 0.30 | \$78.00 |
| 07-02-01 | DAM | 69-70 | Miscellaneous re employment of Woolgar VanWichen (.1) | 0.10 | \$19.50 |
| 07-06-01 | JSC | 70 | Miscellaneous re Applications for Employment of Counsel (.2) | 0.20 | \$37.00 |
| 07-11-01 | JSC | 71 | Miscellaneous re Solursh employment Application (.1) | 0.10 | \$18.50 |
| 07-16-01 | DAM | 72 | Miscellaneous re Solursh Feldman employment Application (.1) | 0.10 | \$19.50 |
| 10-05-01 | JSC | 73 | miscellaneous re [t/c with Sichenzia] (.1) | 0.10 | \$18.50 |
| 10-09-01 | JSC | 73 | draft letter, application, Verified Statement and order re employment of Woolgar Van Weichen <i>and miscellaneous re same</i> (1.7) | 0.70 | \$129.50 |
| 10-16-01 | DAK | 74 | miscellaneous re [correspondence to V. Cathrein] (.1) | 0.10 | \$26.00 |
| 10-23-01 | DAK | 74 | miscellaneous re [application to employ Canadian Counsel] (.2) | 0.20 | \$52.00 |
| | | | | | |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|--------|---|--------------|---------------|
| | | | Exhibit G | | |
| 03-06-02 | JWM | 86 | E-mail V. Cathrein re February Attorney fees and costs, <i>and miscellaneous re same</i> (.2) | 0.10 | \$41.50 |
| 05-07-02 | JSC | 87 | Miscellaneous re all professional e-mail contact information re Applications for Compensation (.4) | 0.40 | \$74.00 |
| 07-01-02 | JWM | 89 | miscellaneous re [telephone conf. w/ Schwartzbaum re hourly rates] (.1) | 0.10 | \$41.50 |
| | | | | | |
| | | | Exhibit H | | |
| 05-24-01 | DAK | 104 | Attend to issues re sale motion, assumption motion, Application to shorten time, schedule sale-related hearing dates (.4) | 0.40 | \$66.00 |
| 05-30-01 | JWM | 108 | miscellaneous re hearings, Notice, etc. (.5) | 0.50 | \$175.00 |
| 05-31-01 | DAK | 110 | miscellaneous re all action items in case (.5) | 0.50 | \$112.50 |
| 06-01-01 | JWM | 111 | miscellaneous re all aspects of sale procedures motion and order (1.3) | 1.30 | \$513.50 |
| 06-01-01 | JSC | 111 | miscellaneous [re correspondence re sale order] (.1); . . . miscellaneous re [contact with Wall Street Journal re order] (.2) | 0.30 | \$55.50 |
| 06-01-01 | JSC | 111-12 | conference with Court Clerk re proposed Order <i>and miscellaneous re same</i> (1.1) | 1.00 | \$185.00 |
| 06-05-01 | DAK | 114 | Attend to issues re service of pleadings today, inquiry by R. Orgel (.2) | 0.20 | \$52.00 |
| 06-05-01 | DAK | 114 | miscellaneous re review of service list for accuracy, completeness (.7) | 0.70 | \$182.00 |
| 06-05-01 | DAM | 115 | Miscellaneous re publication notice (.1) | 0.10 | \$19.50 |
| 06-07-01 | JWM | 116 | Miscellaneous re publishing Notice (.3) | 0.30 | \$118.50 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|-------------|-------------|-------------|---|---------------------|----------------------|
| 06-08-01 | DAK | 119 | attention to advance payment for publication and timing issues re same (.1) | 0.10 | \$26.00 |
| 06-11-01 | DAK | 120 | attention to service issues (.2) | 0.20 | \$52.00 |
| 06-12-01 | DAK | 121 | Attention to publication notice; affidavits re same (.5); . . . attention to information requested (.5) | 1.00 | \$260.00 |
| 06-15-01 | DAK | 124-25 | miscellaneous re filing of [proof of publication](.2); . . . attention to filing and service of [declarations re support for sale] (.4) | 0.60 | \$104.00 |
| 06-19-01 | DAK | 126 | miscellaneous re red-line of publication notice for order (.1) | 0.10 | \$26.00 |
| 06-20-01 | JSC | 128 | miscellaneous re [declaration in support of sale motion] (.5) | 0.50 | \$92.50 |
| 06-22-01 | DAK | 131 | Miscellaneous re Proofs of service of sale pleadings for Canadian counsel (.2) | 0.20 | \$52.00 |
| 06-28-01 | JWM | 132 | miscellaneous re [emails from client] (.1) | 0.10 | \$39.50 |
| 06-28-01 | DAK | 132 | Attention to change miscellaneous issues re closing (.3) | 0.30 | \$78.00 |
| 07-02-01 | DAK | 134 | Attention to status of name change for Debtors (.1) | 0.10 | \$26.00 |
| 08-03-01 | DAK | 139 | attention to change of name for V3 per APA (.1) | 0.10 | \$26.00 |
| 10-17-01 | DAK | 140 | Attention to value of QuickLogic stock (.1) | 0.10 | \$26.00 |
| 12-18-01 | DAK | 140 | Attention to status of Application to change name (.1) | 0.10 | \$26.00 |
| 01-17-02 | DAK | 141 | Miscellaneous re request for special notice re Century bankruptcy case (.1) | 0.10 | \$27.50 |
| 01-30-02 | DAK | 141 | Miscellaneous re amendment of proof of claim in Century case (.1) | 0.10 | \$27.50 |
| 02-20-02 | DAK | 141 | Attention to name change (.1) | 0.10 | \$27.50 |
| 03-21-02 | DAK | 142 | miscellaneous re name change (.2) | 0.20 | \$55.00 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|--------|---|--------------|---------------|
| 03-22-02 | DAK | 142 | telephone conf. M. Choi re name change, <i>and miscellaneous re same</i> (.2) | 0.10 | \$27.50 |
| 03-25-02 | DAK | 142 | miscellaneous re inquiries re [Quicklogic sale order] (.1) | 0.10 | \$27.50 |
| 04-05-02 | JWM | 142-43 | Miscellaneous re collection of accounts receivable (.1) | 0.10 | \$41.50 |
| 04-19-02 | JWM | 143 | miscellaneous re [NSC royalty payments] (.1) | 0.10 | \$41.50 |
| 04-22-02 | JWM | 143 | Telephone conference V. Cathrein re negotiations with NSC re buy-out of license <i>and miscellaneous re same</i> (.2) | 0.10 | \$41.50 |
| | | | | | |
| | | | Exhibit I | | |
| 06-14-01 | DAK | 146 | Telephone conference G. Block re Synopsys License, status re same; <i>miscellaneous re same</i> (.4) | 0.10 | \$26.00 |
| 06-29-01 | DAM | 149 | Telephone conference V. Cathrein re Kawasaki purchase orders, etc. <i>and miscellaneous re same</i> (.5) | 0.10 | \$19.50 |
| 07-07-01 | JWM | 149 | miscellaneous re [conversation with court re Synopsys hearing] (.1) | 0.10 | \$39.50 |
| 06-10-02 | JWM | 150 | Review memorandum of termination re NSC contract <i>and miscellaneous re same</i> (.6) | 0.10 | \$41.50 |
| | | | | | |
| | | | Exhibit J | | |
| 07-03-01 | DAK | 151 | Attention to filing of motion to extend time to assume/reject real property leases (.1) | 0.10 | \$26.00 |
| 10-01-01 | JWM | 152 | Miscellaneous re withdrawal of motion to extend time to assume and reject real property leases (.2) | 0.20 | \$79.00 |
| 10-08-01 | DAK | 152 | Attention to withdrawal of Motion to extend time to assume/reject real property leases (.2) | 0.20 | \$52.00 |
| | | | | | |
| | | | Exhibit K | | |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|--------|--|--------------|---------------|
| 06-26-01 | JSC | 153 | Miscellaneous re [proof of claim] (.2) | 0.20 | \$37.00 |
| 07-24-01 | DAK | 154 | miscellaneous re [Liquidity Solutions] (.1) | 0.10 | \$26.00 |
| 08-02-01 | DAK | 154 | attention to status of [claims review] (.1) | 0.10 | \$26.00 |
| 08-07-01 | JSC | 154 | miscellaneous re [proof of claim and liquidating trust] (.1) | 0.10 | \$18.50 |
| 08-29-01 | DAM | 155 | miscellaneous re [Prentiss Claim and directors fees] (.2) | 0.20 | \$39.00 |
| 09-14-01 | DAK | 157 | Telephone conference B. Solomon re Claim by C. Mitchell, review claim, <i>miscellaneous re same</i> (.5) | 0.10 | \$26.00 |
| 09-17-01 | DAK | 157 | Correspondence re revised Proof of Claim of c. Mitchell; <i>miscellaneous re same</i> (.3) | 0.10 | \$26.00 |
| 02-23-02 | JWM | 164 | miscellaneous re assisting All American re amendment of claim (.1) | 0.10 | \$41.50 |
| 02-26-02 | CAJ | 164 | Miscellaneous re review of Claims and objection preparation (.2) | 0.20 | \$49.00 |
| 02-26-02 | JSC | 165 | Miscellaneous re claims and objection thereto (.2) | 0.20 | \$37.00 |
| 03-11-02 | CAJ | 165 | Miscellaneous re preparation of objections to claims (.1) | 0.10 | \$24.50 |
| 03-20-02 | CAJ | 165-66 | Miscellaneous re preparation of objection to conversion rate issues (.1) | 0.10 | \$24.50 |
| 04-01-02 | JWM | 166 | miscellaneous re [email V. Cathrein] (.1) | 0.10 | \$41.50 |
| | | | | | |
| | | | Exhibit L | | |
| 03-22-02 | JWM | 174 | Miscellaneous follow up re status of Order on ex parte motion re payment of tax claim (.2) | 0.20 | \$83.00 |
| | | | | | |
| | | | Exhibit M | | |
| 11-27-01 | DAK | 42 | Attention to continuance of hearing on Disclosure Statement (.2) | 0.20 | \$52.00 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|-------|--|--------------|---------------|
| 11-29-01 | DAK | 42 | Miscellaneous re continued date for hearing on Disclosure Statement (.1) | 0.10 | \$26.00 |
| 01-22-02 | JWM | 45 | miscellaneous re filing and service logistics (.7) | 0.70 | \$290.50 |
| 01-22-02 | DAK | 45 | Miscellaneous re special notice list re service of notice of hearing on Disclosure Statement (.1) | 0.10 | \$27.50 |
| 01-25-02 | JWM | 45 | Miscellaneous re service of Notice of hearing on Disclosure Statement (.3) | 0.30 | \$124.50 |
| 01-30-02 | JWM | 46 | Miscellaneous re address list for service of Notice of hearing re Disclosure Statement (.2) | 0.20 | \$83.00 |
| 01-30-02 | JSC | 46 | Miscellaneous re separation of mailing lists re service (.3) | 0.30 | \$55.50 |
| 02-05-02 | JWM | 47 | miscellaneous re service of [notice of disclosure statement] on creditors (.2); . . . miscellaneous re service of Plan of Reorganization, Disclosure Statement and Notice Disclosure Statement hearing on Untied States Trustee, SEC, etc. and Proof of Service re same (.3) | 0.50 | \$207.50 |
| 03-07-02 | DAK | 48 | Telephone conference K. Epstein re initial comments to Disclosure Statement, <i>miscellaneous re same</i> (.3) | 0.10 | \$27.50 |
| 03-19-02 | JWM | 49 | draft Notice of continued Disclosure Statement hearing and <i>miscellaneous re service re same</i> (.3) | 0.10 | \$41.50 |
| 03-20-02 | JWM | 49-50 | miscellaneous re proof of services of ADP and Colonial re Disclosure Statement hearing (.4) | 0.40 | \$166.00 |
| 04-17-02 | JSC | 52 | Miscellaneous re Second Declaration in support of Disclosure Statement (1.1) | 1.10 | \$203.50 |
| 04-29-02 | JSC | 56 | Miscellaneous re filing and service of third Declaration of JWM in support of Disclosure Statement (1.1) | 1.10 | \$203.50 |
| | | | Exhibit N | | |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|--------|--|--------------|---------------|
| 07-11-01 | DAM | 176 | Telephone conference C. Mitchell re updated shareholder list re Plan of Reorganization and <i>miscellaneous re same</i> (.4) | 0.10 | \$19.50 |
| 08-01-01 | DAK | 177 | Miscellaneous re comments re Plan of Reorganization and Disclosure Statement, timing issues (.2) | 0.20 | \$52.00 |
| 10-08-01 | JWM | 180 | miscellaneous re voicemail from V. Cathrein re [treatment of priority creditors] (.1) | 0.10 | \$39.50 |
| 10-18-01 | JWM | 182 | Miscellaneous re logistics re service of Plan of Reorganization and Disclosure Statement (.1) | 0.10 | \$39.50 |
| 10-24-01 | DAK | 183 | miscellaneous re [language for posting on website] (.2) | 0.20 | \$52.00 |
| 11-16-01 | JWM | 185 | Review email from Attorney Schwartzbaum re revisions to Plan or Reorganization and <i>miscellaneous re same</i> (.2) | 0.10 | \$39.50 |
| 12-30-01 | JWM | 189-90 | Review email from V. Cathrein re IRC Section 368(a), respond and <i>miscellaneous re same</i> (.2) | 0.10 | \$39.50 |
| 01-04-02 | JWM | 190 | Miscellaneous re faxing V. Cathrein claims summary re Plan of Reorganization (.2) | 0.10 | \$39.50 |
| 01-24-02 | JWM | 192 | miscellaneous re Exhibits to Disclosure Statement (.6); . . . miscellaneous re preparing Plan of Reorganization and Disclosure Statement for filing (.4) | 1.00 | \$415.00 |
| 01-31-02 | JWM | 192 | Miscellaneous re shareholder list and service of Plan of Reorganization, etc. (.3) | 0.30 | \$124.50 |
| 04-12-02 | JWM | 201 | Miscellaneous re revisions to Plan of Reorganization and Disclosure Statement (1.3); miscellaneous re same (.3) | 1.60 | \$664.00 |
| 04-15-02 | JWM | 201-02 | miscellaneous re filing and service (.7) | 0.70 | \$290.50 |
| 04-15-02 | JSC | 202 | Miscellaneous re filing of amended Plan of Reorganization and Disclosure Statement (1.1) | 1.10 | \$203.50 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|-------------|-------------|-------------|--|---------------------|----------------------|
| 04-23-02 | JWM | 204 | miscellaneous re service of Second Amended Plan of Reorganization and Disclosure Statement on parties who requested copies of earlier iteration (.2) | 0.20 | \$83.00 |
| 04-30-02 | JSC | 206 | Miscellaneous re filing and service of second amended plan and disclosure statement (1.4) | 1.40 | \$259.00 |
| 04-30-02 | JWM | 206 | miscellaneous re logistics of preparing Plan of Reorganization, Disclosure Statement and related pleadings for printing (1.4) | 1.40 | \$581.00 |
| 05-15-02 | JWM | 209 | miscellaneous re [Plan of Reorganization package] (.1) | 0.10 | \$41.50 |
| 05-22-02 | JWM | 210 | miscellaneous re completion of packages re [confirmation] (.1) | 0.10 | \$41.50 |
| 05-23-02 | JWM | 210 | miscellaneous re providing ADP with [confirmation package] (.2); . . . miscellaneous re [legal research re ballot tabulations] (.3) | 0.50 | \$207.50 |
| 05-23-02 | DAK | 211 | Miscellaneous re submission of ballots and preparation of Order re confirmation (.3) | 0.30 | \$82.50 |
| 05-24-02 | JWM | 211 | Miscellaneous re additional plan package to ADP and Prudential (.2) | 0.20 | \$83.00 |
| 06-14-02 | JSC | 214 | miscellaneous re [ballot tabulations] (2.8) | 2.80 | \$518.00 |
| 06-17-02 | JWM | 215 | miscellaneous re action items re confirmation hearing (.6) | 0.60 | \$249.00 |
| 06-20-02 | DAK | 217-18 | miscellaneous re [revisions to order approving confirmation] (.2) | 0.20 | \$55.00 |
| 06-20-02 | JSC | 218 | miscellaneous re submission of approving Plan of Reorganization (1.4); miscellaneous re certified copies (.2) | 1.60 | \$296.00 |
| 06-21-02 | JWM | 218-19 | Miscellaneous re certified copies of order of confirmation (.2) | 0.20 | \$83.00 |
| 06-25-02 | JWM | 219 | miscellaneous re [conference with chambers re date of order] (.1) | 0.10 | \$41.50 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|------|--|--------------|---------------|
| 06-25-02 | JWM | 219 | telephone conference T. Gurnee re investment bankers re sale of stock, etc. and miscellaneous re same (.3) | 0.10 | \$41.50 |
| | | | | | |
| | | | Exhibit P | | |
| 04-02-02 | JWM | 80 | miscellaneous re [transfer of assets to liquidating trust] (.2) | 0.20 | \$83.00 |
| | | | | | |
| | | | Exhibit Q | | |
| 10-26-01 | JWM | 93 | miscellaneous re [registration of stock] (.2) | 0.20 | \$79.00 |
| 05-06-02 | JWM | 96 | miscellaneous re [registration rights] (.2) | 0.20 | \$83.00 |
| | | | | | |
| | | | Exhibit S | | |
| 07-03-01 | DAM | 226 | miscellaneous re [telephone conference with Cathrein re bank accounts] (.1) | 0.10 | \$19.50 |
| 10-22-01 | DAK | 227 | Attention to inquiry by United States Trustee re quarterly fee (.1) | 0.10 | \$26.00 |
| | | | | | |
| | | | Exhibit T | | |
| 09-28-01 | JWM | 99 | Miscellaneous re Prentiss Stipulation re Relief from Automatic Stay (.1); . . . miscellaneous re [telephone conference with Cathrein] (.1) | 0.20 | \$79.00 |
| 11-30-01 | DAK | 99 | Attention to preparation of Motion re Compromise of Controversy re P. Prentiss Lawsuit (.1) | 0.10 | \$26.00 |
| 01-18-02 | DAK | 100 | Miscellaneous re Motion to approve Prentiss compromise of controversy (.1) | 0.10 | \$27.50 |
| | | | | | |
| | | | Exhibit U | | |
| 03-20-02 | JSC | 18 | Miscellaneous re Objection to Claim (KPMG) (.1) | 0.10 | \$18.50 |

| Date | Atty | Page | Services Rendered | Hours Billed | Amount Billed |
|----------|------|-------|--|--------------|--------------------|
| 04-03-02 | DAK | 18 | Miscellaneous re claim of KPMG (.1) | 0.10 | \$27.50 |
| 04-18-02 | JSC | 20 | miscellaneous re [legal research re FRBP 9003] (.2) | 0.20 | \$37.00 |
| 05-13-02 | JWM | 21 | miscellaneous re notice re [compromise of controversy] (.2) | 0.20 | \$83.00 |
| 05-30-02 | JWM | 22-23 | Review Stipulation re settlement of KPMG dispute and <i>miscellaneous re same</i> (.5); . . . <i>miscellaneous re [KPMG settlement]</i> (.2) | 0.30 | \$124.50 |
| 06-18-02 | JWM | 24 | telephonic conference call Attorneys Schwartzbaum and Raab re transfer of KPMG claims to trust <i>and miscellaneous re same</i> (.5) | 0.10 | \$41.50 |
| | | | Total | 47.80 | \$13,307.50 |

CONCLUSION

The above examples capture many, but certainly not all, instances of the applicant's aggressive billing. From these examples, however, it is apparent that the size of Murray & Murray's fee request is largely attributable to excessive billing or to the performance of work that was unnecessary or did not benefit the debtors' estate. After reviewing the entire fee application in light of the work that needed to be accomplished in this liquidating case, the court concludes that a reasonable fee for the actual and necessary services is \$300,000. With respect to the applicant's expenses, the court notes that the three largest categories of expense are copying (in house), copying (outside service), and postage. In light of the many unnecessary services rendered in this case, it is highly likely that some of the copying or postage costs were also unnecessary. Nevertheless, because it is virtually impossible to determine which costs were unjustified and because of the substantial reduction in the applicant's fees, the court concludes that the costs will be allowed as prayed.

Good cause appearing, **IT IS ORDERED:**

1 The First and Final Application for Compensation and Reimbursement of Fees and Expenses by
2 Murray & Murray, Counsel to the Debtors is allowed in the amount of \$300,000 in fees and \$43,186.23
3 costs, for a total of \$343,186.23.

4 DATED: _____
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7 UNITED STATES BANKRUPTCY JUDGE
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1 Case No. 01-55899

2
3 **UNITED STATES BANKRUPTCY COURT**
FOR THE NORTHERN DISTRICT OF CALIFORNIA

4 **CERTIFICATE OF SERVICE**

5 I, the undersigned, a regularly appointed and qualified Clerk in the office of the
6 Bankruptcy Judges of the United States Bankruptcy Court for the Northern District of California, San
Jose, California hereby certify:

7 That I am familiar with the method by which items to be dispatched in official mail from the
8 Clerk's Office of the United States Bankruptcy Court in San Jose, California processed on a daily basis:
all such items are placed in a designated bin in the Clerk's office in a sealed envelope bearing the address
9 of the addressee, from which they are collected at least daily, franked, and deposited in the United States
Mail, postage pre-paid, by the staff of the Clerk's Office of the Court;

10 That, in the performance of my duties, on the date set forth below, I served the
11 **MEMORANDUM DECISION AND ORDER** in the above case on each party listed below by
depositing a copy of that document in a sealed envelope, addressed as set forth, in the designated
collection bin for franking, and mailing:

12 John W. Murray
13 Murray & Murray
14 19330 Stevens Creek Blvd.
Cupertino, CA 95014-9200

15
16 In addition, I am familiar with the Court's agreed procedure for service on the United States
Trustee, by which a copy of any document to be served on that agency is left in a designated bin in the
17 Office of the Clerk, which bin is collected on a daily basis by the United States Trustee's representative.
In addition to placing the above envelopes in the distribution bin for mailing, I placed a copy of the
18 **MEMORANDUM DECISION AND ORDER** in the United States Trustee's collection bin on the
below date.

19 I declare under penalty of perjury under the laws of the United States of America that the
20 foregoing is true and correct.

21 Executed on:

22 _____
Clerk